DOCUMENT RESUME

ED 374 207 CE 066 832

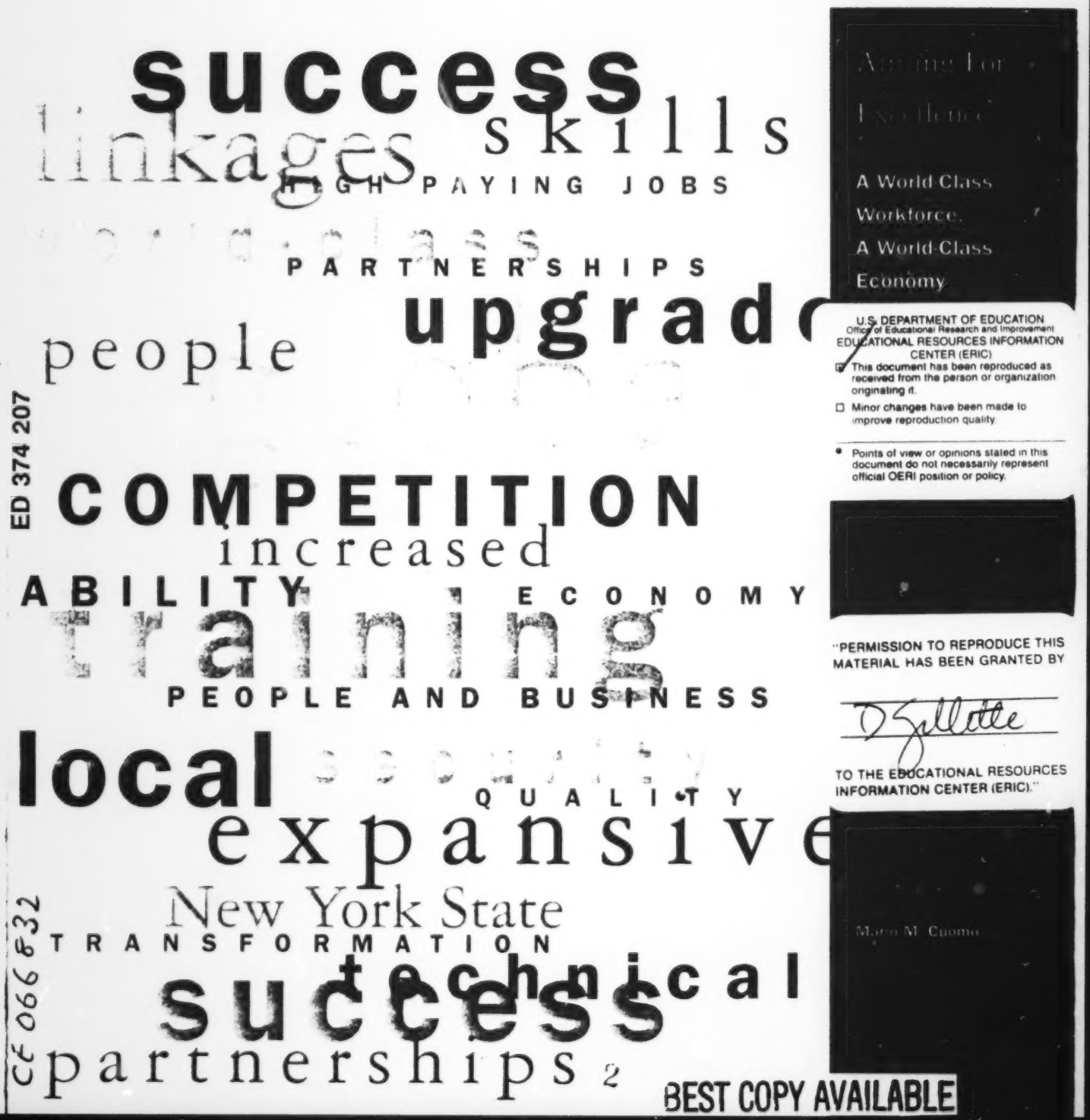
TITLE Aiming for Excellence: A World-Class Workforce, a World-Class Economy.
INSTITUTION New York State Job Training Partnership Council, Albany.
PUB DATE Apr 94
NOTE 41p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Adult Education; Economic Development; Educational Policy; *Government School Relationship; Information Dissemination; Job Skills; *Labor Force Development; *Partnerships in Education; Program Improvement; Public Policy; Resource Allocation; *Retraining; Skill Development; State Action; *State Programs; Vocational Education
IDENTIFIERS *Competitiveness; *New York

ABSTRACT

A task force examined New York State's role in providing resources and information to employers desiring to upgrade the skills of their current workers. The following were the task force's 12 major findings: (1) upgrading the skills of New York's existing work force is vital to the state's economic future; (2) all workers need opportunities for training and retraining; (3) State policy and investments in upgrading skills should help discourage low wage strategies for economic competitiveness; (4) the state must encourage employer investment in current workers's skills; (5) the current level of knowledge about world class work organizations and worker skills is inadequate; (6) the state has a shared responsibility with employers, labor unions, and workers to develop those skills that could lead to higher work force productivity and performance; (7) few employers have made skill upgrading a priority; (8) encouraging employers and workers to adopt higher skill levels will have long-term benefits for the state's economy; (9) New York should take steps to ensure that a comprehensive network of services is in place and easily accessible; (10) an objective set of standards based on workplace competencies will ensure consistent service delivery; (11) New York's existing programs for funding skill upgrade training should be expanded and redirected; and (12) a range of funding options and incentives is needed. (The bibliography contains 21 references. Appended are descriptions of 16 Department of Economic Development programs and 28 recommendations for state actions regarding job training.) (MN)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****



ED 374 207

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

D Gallotte

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

CE 066 632

BEST COPY AVAILABLE

Table of Contents

Summary of Findings I

Task Force Members and Staff II

Council Members III

Message to the Governor IV

Mission and Vision Statements V

Preface 1

Executive Summary 2

Introduction 4

Chapter I.
The Economic Argument
Characteristics of the New Economy
High Performance Work Organizations/World-Class Work Places: Tools for Competitiveness 6
Implications for Organizations 7
Implications for Workers 9
Findings A, B, C, D

Chapter II.
World-Class Work Organizations and Training Investments
Current Status
National Overview 10
New York State Overview 12
Findings E, F and Recommendations
Spectrum of Demand in New York State for Skills Upgrading 13
Finding G

Chapter III.
Roles of Government, Employers and Unions
Raising Awareness 16
Finding H and Recommendations
Providing Services 17
Finding J and Recommendations
Setting Standards 19
Finding K and Recommendations
Targeting Resources 20
Finding L and Recommendations
Generating Funds 23
Finding M and Recommendations

Appendix 25

Bibliography back cover

Finding A **Upgrading the skills of those currently in the workforce is vital to New York's economic future. New York could ensure that it maintains a competitive edge by committing itself to creating a world-class workforce.**

Finding B **Providing all workers with opportunities for training and retraining is essential for New York to ensure the dignity and economic self-sufficiency of its citizens. Government has a particular obligation to ensure that those who are at risk of diminished economic futures have access to the education and training that will allow them to compete on an equal footing with all other workers.**

Finding C **New York State policy and investments in upgrading skills should help discourage low wage strategies for economic competitiveness.**

Finding D **New York State must encourage employers and other organizations to invest in the skills of their current workers as an alternative to approaches that would contribute to the worsening economic conditions of joblessness and unemployment.**

Finding E **The current level of knowledge regarding world-class work organizations, the skills levels of the current workforce, and the amount and type of training underway is inadequate.**

Finding F **State government has a shared responsibility with employers, labor unions and workers to improve the skills which could lead to higher workforce productivity and performance. However, due to the magnitude of the investment necessary to move all private and public employers to world-class competitive levels, the vast majority of resources must come from employers.**

Finding G **Although the benefits of change outweigh the organizational and financial burdens of becoming a world-class work organization, too few New York State employers have accepted the importance of moving in this direction and,therefore, have not made upgrading the skills of their workforce a high priority.**

Finding H **Encouraging employers and workers to adopt higher skill levels will have long-term benefits for the State's economy.**

Finding J **The State should take steps to ensure that a comprehensive network of services is in place and easily accessible for all employers and employees.**

Finding K **An objective set of standards based on the competencies necessary for success in the workplace can help to ensure consistency and quality in service delivery and program design.**

Finding L **New York State's existing programs for funding skill upgrade training should be expanded and redirected.**

Finding M **Because of the enormity of the task, it is unlikely that a single program could meet all of the need. Therefore, a range of funding options and incentives should be available to employers and workers to engage in skills upgrade training. Resources, however, must be provided in the spirit of helping employers help themselves and encouraging them to incorporate skills upgrading into their long and short-term development strategies.**

Summary of Findings

The ability of our industries to survive in the global economy increasingly depends on a well trained, educated, flexible and quality workforce in New York State.

–Governor Mario M. Cuomo, 1994 Message to the Legislature

Task Force Members

Task Force on Upgrading the Skills of the Workforce

Hon. John D. Perry
Task Force Chair

R. A. Baum
Vice President, ILC Data Device Corp.

Dr. Lawrence Belle
Dean, Continuing Education,
Rochester Institute of Technology

Tony Bifaro
Assistant to the President
NYS United Teachers

Dr. Toni Cleveland
Dean, Academic Affairs,
Herkimer Co. Community College

David Dawson
Director, Chautauqua County
Industrial Development Agency

James A. Duncan, Jr.
NYS CAP Director, UAW Region 9

Geraldine Gallashaw
VP, Affirmative Action Officer
The Bank of New York

Kathy Schrier
Director, Education Fund
District Council 37
AFCSME, AFL-CIO

Nelson Smith
VP of Education & Youth Employment
New York City Partnership

Ida Torres
Secretary-Treasurer
United Store Workers Union

Robert Volpe
Manager, Government Relations,
Eastman Kodak Company

Carl Weisbrod
President, New York City
Economic Development Corporation

Agency Representatives

Angela Brown
Economic Development Corporation

Charles Burns
State University of New York

Paul F. Cole
New York State AFL-CIO

Peter Mannella
NYS Dept. of Economic Development

Margarita Mayo
The Business Council of New York

Robert Poczik
NYS Education Department

Thomas Rodick
NYS Department of Labor

Deborah Sale
Office of Lt. Governor Lundine

Staff

David J. Gillette
Executive Director
Job Training Partnership Council

Mario J. Musolino
Task Force Director
Job Training Partnership Council

Tracy Bradshaw
Senior Research Analyst
Job Training Partnership Council

Key Presenters

Dennis Allee
NYS Dept. of Economic
Development

James Bower
OCM BOCES

Patricia Canute
Sallie Mae

Dr. Anthony Carnevale
American Society for Training
and Development

Steven Golightly
National Alliance of Business

James Gray
Manufacturers Association of
Central New York

Thomas Hines
NYS Department of Labor

Dr. John Kalas
State University of New York

David McLane
Herkimer BOCES

Tony Sarmiento
AFL-CIO, Washington, DC

Wil Saunders
LaGuardia Community College

Stephanie Swirsky
U.S. Department of Labor
Office of the American Workplace

Robert Trouskie
U.A.W. Local 1097

Officers

Jewell Jackson McCabe
Chair, McCabe Associates

Stan Lundine
Lieutenant Governor, Vice Chair

Joseph Tierno
Vice Chair, United Food & Commercial Workers, District Union #1

Members

Michael P. Ash
Communication Workers of America

Judith I. Avner
NYS Division for Women

Tony Bifaro
NYS United Teachers

Caroline Bird
Author

Roscoe C. Brown, Jr.
President Emeritus, Bronx Community College

Paul F. Cole
New York State AFL-CIO

Honorable Juanita Crabb
Mayor of Binghamton

Commissioner
Michael Dowling
NYS Department of Social Services

James Duncan
United Auto Workers Region 9

Constance Eno
National Education Association–NY

Edwin Espaillat
United Federation of Teachers

Honorable Arthur O. Eve
Member of NYS Assembly

Edwin D. Fessenden
Fessenden Farms

James B. Gallo
Laubach Literacy International

Commissioner John F. Hudacs
NYS Department of Labor

Michael Hurt
M. Hurt Supply, Ltd.

Chancellor D. Bruce Johnstone
State University of New York

Honorable Mary Ellen Jones
Member of NYS Senate

Honorable James J. Lack
Member of NYS Senate

Rae Linefsky
Federation Employment Guidance Service

Kate Rand Lloyd
Working Woman

Leon C. Modeste
Syracuse Urban League

Arlene R. Penfield
National School Boards Association

John D. Perry
Educational Consultant

Barbara Reese
Green Thumb, Inc.

Ron Sellers
Millard Fillmore Hospital

Risa Silverman
Displaced Homemakers Program, Agudath Israel of America

Commissioner Thomas Sobol
NYS Education Department

Ann Marie Taliercio
Hotel & Restaurant Employees Union, Local 150

Commissioner Vincent Tese
NYS Dept. of Economic Development

Louis Thomas
United Steelworkers of America

Robert Volpe
Eastman Kodak Company

Daniel Walsh
The Business Council of New York State, Inc.

George L. Wessel
Buffalo AFL-CIO Council

David A. Woodrow
Standard & Poor's

Job Training Partnership Council

Mario M. Cuomo

Stan Lundine

Vincent Tese

David J. Gillette

Message to the Governor

The Honorable Mario M. Cuomo
Governor
Executive Chamber
State Capitol
Albany, New York 12224

Dear Governor Cuomo:

On behalf of the Task Force on Upgrading the Skills of the Workforce, we proudly submit *Aiming For Excellence; A World-Class Workforce, A World-Class Economy.*

The economic future of the State of New York lies in the hands of its workforce. Creating and maintaining work environments that rely on workers' talents and provide opportunities for skill improvement and professional growth, will strengthen our State's ability to compete in a global economy. Developing a strategy that will meet this challenge will require strong leadership, focus, and a commitment from all sectors of the economy. This report speaks of shared responsibilities and clearly defines New York State's role in cultivating world-class workers and work organizations. The recommendations within are fundamental to the development of a comprehensive skill enhancement system that meets the needs of workers and employers.

For a brighter economic future, the State must move forward, aiming for excellence in all the workers, employers and unions that help make this state a powerful force in a wold-class marketplace. This report signifies progress and is enhanced by your support and guidance.

Respectfully submitted,

Jewell Jackson McCabe

Lt. Governor Stan Lundine

Joseph Tierno

Jack Perry, Task Force Chair

Task Force Vision

The vision of the task force is for New York State to develop a highly skilled, world-class workforce and to continue to stimulate economic growth. New York State's workforce will be seen by employers as a major inducement to expand or locate in the State.

Workforce capabilities will be enhanced to world-class levels to provide employers with a resource for mastery of new technologies, techniques and methods of work organization. The urgency of this need will be satisfied by state policies—developed by government, labor and management—that encourage world-class workplaces and provide workers with the knowledge and skills needed to compete in the global marketplace.

In fostering the development of world-class workers, the task force acknowledges that core competencies in basic, task specific and organizational skills are essential elements of an effective strategy to achieve a more globally competitive workforce.

Task Force Mission

Recognizing that time and complacency are our adversaries in the search for competitive excellence, the mission of the task force is to recommend multifaceted opportunities whereby New York State may assist employers and workers in overcoming barriers to achieving world-class knowledge and skills.

The task force will heighten awareness of the need for training at all levels of the workforce and identify viable financing and delivery alternatives that encourage collaborative networks of private, public and not-for-profit providers of training resources.

Preface

As we approach the next century, New York State's economic leadership is being challenged–not only nationally but internationally. If the State is to continue to succeed and prosper, it must create a new world-class economy–an economy that can compete with the most innovative and productive economies around the globe. Facing these economic challenges will require New York to have a world-class workforce–workers who are equal to or better than the very best workers in the world. Because the workplace is demanding new and different skills from the board room to the shop floor, New York must invest more in its future–by investing more in its most valuable asset–its workers.

In light of national activity and various projections regarding the issue of global competitiveness and high performance work organizations, it was determined that the Job Training Partnership Council (JTPC) should study the broad area of skills upgrading. During the spring of 1993, the Council established the Task Force on Upgrading the Skills of New York State's Workforce.

The original purpose of the task force was to examine the State's role in providing resources and information to New York State employers who wish to gain and maintain their competitive edge by upgrading the skills of their current workers. As the task force deliberated, it became apparent that the competitiveness issues facing employers extend far beyond skills upgrading and training but also include concerns such as modernization, the organization of work and cultural and environmental changes. The task force recognizes that the leadership for dealing with these issues must come primarily from the employer community. However, this document describes the members' view of the State's role and how it can successfully encourage and facilitate the development of both a world-class workforce and workplace.

The task force was chaired by former State Senator John D. Perry, a JTPC member, and consisted of 12 other members from the business, labor and local government provider communities—three of whom are also Council members. State agencies with a major interest in workforce and economic development designated an individual or team to provide staff support, technical assistance and agency-specific guidance to the task force members.

The task force conducted its work over the course of seven months, holding meetings in both Albany and New York City. Discussions began with intense debate about the government's role in skills upgrading efforts and evolved into an analysis of how other states, nations and individual employers have proceeded in developing a globally competitive position. In the context of competitiveness strategies, the task force embraced the concept of High Performance Work Organizations (HPWOs) but found difficulty describing its measures of success. As an alternative, the members resolved to use the term World-Class Work Organizations as a target for employers making the effort to reconstruct their organizations.

Based on solicited testimony; information gathered from various reports, articles and case studies and the individual expertise of the task force members, findings and recommendations were developed. The preliminary findings and recommendations were submitted and unanimously approved at the December 1993 meeting of the New York State Job Training Partnership Council. The preliminary recommendations helped support the development of Governor Mario Cuomo's 1994 Message to the Legislature and Executive Budget proposal.

Executive Summary

New York State's ability to compete educationally, technically and economically makes it one of the most highly advanced and productive states in the nation. In order to maintain and enhance its status as a national and international competitor, New York State must embark on a bold campaign to develop the most highly skilled workers and the most organizationally advanced workplaces in the world. Toward this end, New York State must focus on strengthening the skills of those currently in the workforce and provide strong incentives and technical assistance to employers striving for world-class performance. The State, as a major employer, must also upgrade the skills of its public workforce as an example to employers and unions, in all sectors, that investment in world-class workers and organizations will ensure New York's long-term success in the "new economy."

Characteristics of the new economy, primarily defined by highly skilled workers and world-class organizations, dictate the path that the State must follow in order to remain competitive. While world-class work organizations and skilled workers must be viewed as essential elements for competitiveness, transformation of the workplace carries major implications for employers and individual workers. For most employers, moving in this direction will require reorganization and a significant investment in training or retraining programs. For workers, world-class organizations offer both opportunity and risk. Skills such as problem solving and adaptability are at the heart of what is needed to remain competitive in a world-class workforce. Workers with these and more advanced skills will be viewed as assets, while those who lack higher level skills, may be relegated to low wage jobs that make it difficult to maintain self-sufficiency.

The level of commitment required of employers, unions and workers to develop a world-class workforce cannot be overemphasized. Unfortunately, very few U.S. employers are accepting the challenge of high performance change. The America's Choice report contends that nationally, less than five percent of the employer community is moving toward a high performance workplace. In New York State, the level of activity and investment is similar. However, capturing the magnitude of the problem is complicated because, beyond anecdotal information, there is no comprehensive, statewide system that collects and maintains data about the total number of employers moving toward world-class workplaces.

What is clear is that employers seem to fall into one of four categories regarding their reaction to world-class workplaces. The first group of employers has already made strides toward a world-class system; the second group includes those who would like to change but lack the capacity—financial or otherwise; the third is unaware of the fact that they need to change; and the fourth group characterizes employers who choose to maintain the status quo. Regardless of which category an employer belongs to, it appears that although the benefits of change outweigh the procedural and financial burden of becoming a world-class work organization, too few of the State's employers have accepted the importance of becoming world-class and, therefore, have not made upgrading the skills of their workforce a high priority.

As New York becomes more competitive in the global economy, it has a shared responsibility with employers, unions and workers to improve the skills

While world-class work organizations and skilled workers must be viewed as essential elements for competitiveness, transformation of the workplace carries major implications for employers and individual workers.

which could lead to higher workforce productivity and performance—particularly in the following areas:

Raising Awareness

Because the State's long-term economic vitality depends on its ability to compete, employers and workers from all sectors of the economy need to adopt higher skill levels. Therefore, the State must forcefully initiate a broad-based informational campaign to raise the awareness levels of those employers and workers who have become comfortable with the status quo. The State should also continue to encourage employers that are making progress by enhancing recognition awards (such as the Governor's Excelsior Award) and building and supporting more supplier and training networks.

Service Provision

The system for providing information and services regarding the development of world-class workers and workplaces is fragmented and underdeveloped. A stronger, more productive State infrastructure would be one that was regionalized in order to provide comprehensive, easily accessible services and information to all employers and workers. Such a system would be more attuned to the needs of the customer, with special emphasis on the needs of small and medium-sized businesses and those individuals at risk of displacement.

Standard Setting

Recognizing the need for consistency and quality in service delivery and program design, objective standards, based on the competencies necessary for success in the workplace, must be established. Relevant training and credentialling which recognizes the skills and experiences of the incumbent workforce must also be part of a broad plan of action to ensure that all current workers benefit from the movement to world-class standards.

Resource Allocation

Because public dollars are limited for new program development and innovation, training efforts should be more strongly connected to the State's overall economic competitiveness goals. Accordingly, State resources should be administered based on a strategy that expands or redirects existing skill upgrade training programs. Such a strategy might entail targeting strategic industries and/or smaller sized firms or connecting employer/ worker training subsidies to broader competitiveness goals. There is a need for additional funding to provide direct grants and services to employers, unions and workers. Funds should also be identified to ensure that organizational successes can be replicated throughout the State.

Funding

New and creative funding streams must be sought. In order for workers and employers to engage in skills upgrade training at the level that will be necessary for the State to remain competitive, a range of funding options and incentives must be available. In this regard, several options for generating and investing funds for skills upgrading must be explored, including existing program expansion, loan and direct grant availability, development of an unemployment insurance training fund, creation of a special lottery game and creation of special tax credits for employers who engage in modernization and skill development.

More than ever before, New York State's ability to compete nationally and internationally will depend on the capabilities of its workforce and the quality of its work systems. New York's great diversity makes developing a workforce policy to secure its place in the global economy a complex but necessary undertaking. New York's economic competitiveness derives in large measure from the unique talents and abilities of its current workforce. These advantages may, however, be eroding. The charge to New York State government is threefold. First, it must identify itself as a catalyst for change while promoting and informing employers about the importance of their participation and investment. Second, as a major employer, the State must lead by example, by enhancing the quality of its workforce and that of the suppliers with whom it contracts. Third, and most importantly, it must develop a comprehensive system geared toward helping all employers and employees in the State achieve and maintain world-class competitive status.

Traditionally, most publicly supported workforce programs have been justifiably targeted toward the disadvantaged or the displaced. These programs continue to provide a vast array of educational services and are the primary avenue to employment for many. The State, however, is struggling to recover jobs lost during the recession, maintain jobs threatened by downsizing and military conversions while continuing to prepare for unprecedented national and international economic competition. As the State takes on this challenge of competitiveness, it must address the issue of incumbent worker quality as a contributing factor to our economic well-being.

New York must move quickly to develop a new workforce enhancement strategy that focuses specifically on the needs of current workers. The State must ensure that incumbent workers have the skills that will enable them to not only retain their current jobs, but also function at higher, more technically advanced levels of performance. Further, as the educational system is being overhauled to better prepare students for the workforce, it is imperative that current workers also be given the opportunity to compete in a global marketplace. These workers must be able to compete with both recent graduates of a more demanding educational system and with workers from other states and nations that have or are developing world-class technical skills. As workers' skills increase, New York State must also create policies and programs that will assist employers, unions and incumbent workers in their efforts to create workplaces which utilize high skills and abilities.

Some New York State employers and unions have already made a commitment to give incumbent workers the skills and education needed for the new global economy. Joint labor/management training initiatives, from the western frontier of our State to the far reaches of eastern Long Island, have resulted in workers obtaining the skills needed to retain employment, to be eligible for a job promotion and/or to be a more productive and empowered worker. These labor/management cooperative efforts can serve as models for a Statewide initiative to create a world-class economy.

Creating a system that accomplishes all of New York's workforce goals for economic prosperity will be a tremendous challenge. But strategic efforts to strengthen New York's economy through skills upgrading and modernization is our best hope of retaining jobs in the face of imminent competition both at home and abroad.

The State must ensure that incumbent workers have the skills that will enable them to not only retain their current jobs, but also function at higher, more technically advanced levels of performance.

Case Study 1

Company Name: **MDT Biologic Corporation, Monroe County**

Union Representation:

International Association of Machinists & Aerospace Workers Local 2312

Background and Competitive Issues: MDT Biologic Corporation employs approximately 1,000 people nationwide in the manufacture of capital equipment primarily for medical markets. The Corporation's Rochester facility employs 260 people under the I.A.M.A.W. bargaining unit and 325 in corporate support, research and development and corporate human resources.The Rochester facility manufactures sterilization equipment, scrub sinks, sonic sinks and cleaners, nurses stations and other equipment with sterile medical and industrial applications.The company penetrates approximately 25% of the domestic market and has just begun sales in the European Economic Community through a joint venture with a German manufacturer. Approximately two-thirds of the company's sales are generated from the Rochester plant. The highly competitive nature of the medical market and downturns in the economy have caused significant fluctuations in both corporate earnings and employment at the Rochester manufacturing facility in the past. Concern over the potential impacts of impending health care reform efforts in Washington among major medical customers has also affected sales as major medical customers put off major capital expenditures until the full impact of reform can be evaluated. Increased quality levels demanded by domestic customers and quality certification requirements of European export markets present further challenges to the company.

Competitiveness Strategy: A consolidation of corporate facilities which resulted in a new product line's relocation to Rochester presented the company and its union with the opportunity to significantly change the way it does business. The company and the I.A.M.A.W. Local formulated a labor/management committee called "The Plant Council," with equal representation from management and labor, to oversee the implementation of the new product line at the Rochester facility. The success of this initial effort led to the joint commitment of management and labor to actively pursue "World-Class Manufacturing Status." The Plant Council is implementing programs of work redesign, employee empowerment, introduction of cell manufacturing techniques, and other principles of Total Quality Management. The plant council has explored new product alternatives, and through its efforts, the company has begun manufacture of an industrial bulk sterilizer in order to diversify its product base. In order to compete in international markets, the company, under the guidance of the plant council, is actively pursuing ISO 9000 quality certification.

Training Activities: The company and the union believe that employee training will be an integral part of the company's overall competitiveness strategy. Union and company representatives have jointly received training in High Performance Work Organizational Concepts and are beginning the introduction of training programs for all production and management employees. Training in Statistical Process Control (SPC), team building, problem solving and various technical training programs related to product manufacture have already been implemented in conjunction with Monroe Community College. The company will be implementing additional programs this coming year as it strives to achieve ISO 9000 certification.

State Assistance:

Economic Development Skills Training Program (DED)

Regional Economic Development Partnership Program (REDPP)

NYS Labor Management Committee Assistance (NYSDOL)

According to the American Society for Training and Development (ASTD), there is a newly emerging global economy that requires America's businesses to rethink strategies regarding worldwide competitiveness. In the past, competitive success was based almost exclusively on the ability to improve productivity. Nations and individual organizations must now compete not only on their ability to improve productivity but also to deliver quality, variety, customization, and convenience in a timely manner.

More than ever before, the economy requires a highly skilled workforce and a more advanced workplace. Workers' skills need to be broader at the point of production, service delivery and interface with the customer. The skills of workers should also complement flexible organizational structures and technology. The ASTD suggests that organizations are now using a smaller mix of production and service workers to meet new competitive standards. As a result, skill requirements for both kinds of workers are higher.

High Performance Work Organizations/World-Class Work Places: Tools for Competitiveness

The National Center on Education and the Economy's (NCEE) America's Choice: High Skills or Low Wages report warns that the nation cannot compete by maintaining the status quo in work organizations. The report contends that the American workplace is largely modeled after a production-line system of mass manufacturing pioneered during the early 1900s by Frederick Taylor, a time management engineer. Under the Taylor or "top down" model, organizations are managed by a small group of educated supervisors who plan, strategize and implement changes within the organization. In Tayloristic organizations, most employees need not be educated or trained beyond their specific duties.

In the world's most competitive companies, the Tayloristic model is being replaced by high performance work organizations. High performance work organizations are seen by the NCEE (and many others) as the key to economic success and the prime alternative to both organizational stagnation and outmoded work systems of the past. This

approach to organizing work is said to result in higher productivity, quality and overall customer and worker satisfaction—which are key measures of performance in the new economy. The high performance approach requires front-line workers to assume responsibility for areas like quality control and scheduling and thereby eliminates a number of managerial levels. Consequently, these new responsibilities necessitate a higher level of skills among front-line workers than those needed in more traditional organizations. When high performance methods have been adopted, workers' pay levels often rise to reflect their enhanced qualifications and responsibilities. Many employers have found that productivity and quality gains more than offset the costs of higher wages and skill development. Work organizations like these require strong managerial commitment, support at all levels of the organization and large investments in training.

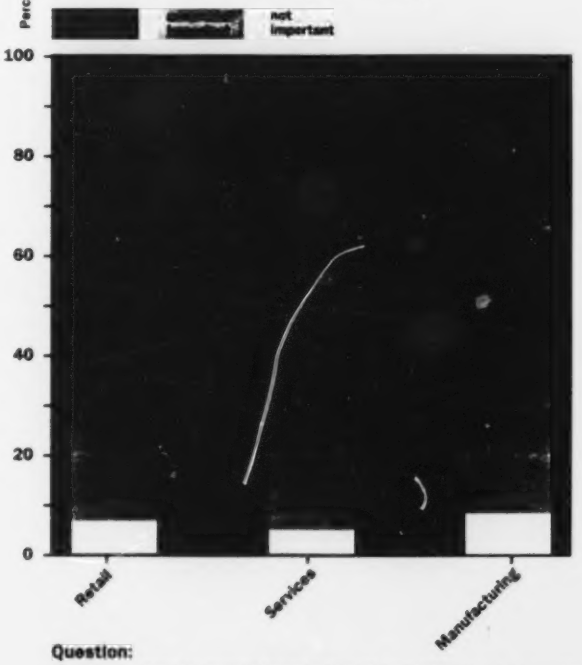
America's Choice, and other major studies, conclude that if this country is to maintain its competitive edge, employers must cast away old strategies for organizing work and adopt more flexible methods of production and worker development.

Implications for Organizations

It is clear that the world economy is becoming more and more competitive. This competition derives from many factors. In the past, access to the technology and capital needed for a successful industrial economy was limited to a few countries. This is no longer the case. Advances in communications, currency transfers and transportation have leveled the playing field and allowed businesses to produce goods and services in a cost efficient manner in virtually any location in the nation or the world.

To remain competitive in this new environment, states must create and retain well paying jobs while maintaining a full arsenal of economic development strategies that will attract businesses and provide assistance to organizations, large and small, to develop more efficient work systems and worker development programs. Over the years, New York State has developed a strong infrastructure for economic development and has undertaken this challenge through a combination of technical assistance programs, loans, grants, tax abatements and technology transfers that help businesses build or maintain world-class organizations.

Attitudes Towards Training, by Industry



Question:
How important is training and education within your company?
Number of Respondents: 753

Source: Price Waterhouse Workforce Training and Education Survey

While the array of economic development initiatives is impressive, there are other factors that can impact an employer's decision to locate or expand in a given community. One factor often cited in surveys of employers is the availability of a highly skilled workforce. A Price Waterhouse employer survey, conducted on behalf of The Sallie Mae Student Loan Marketing Association, highlighted that more than 90% of the 790 manufacturing, trade and service sector companies surveyed viewed workforce training as important. Approximately 70% of these companies anticipate that their training needs will increase in the future and over one-half perceived financing and training mechanisms as useful. In 1993, the Price Waterhouse Survey Research Center, in joint sponsorship with the New York City Chamber of Commerce and Industry, designed and conduct-

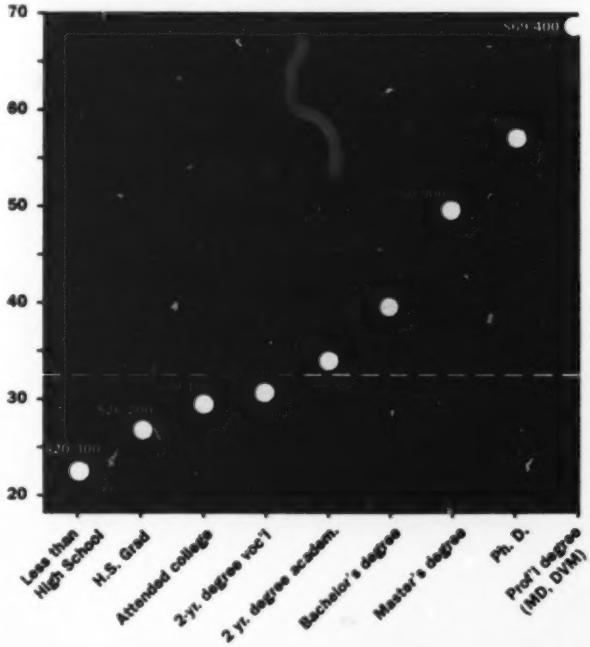
ed The New York Business Pulse: A Survey of the City's Competitive Edge Industries. Within the survey, private sector employers were asked to rate the importance of 14 considerations in choosing a location for their company's headquarters. The survey results revealed that the quality of the upper-level labor force was regarded as extremely important by 55% of those who responded and ranked fourth out of the 14 considerations. These results support the notion that New York's businesses are concerned about the quality of their workers and can be more competitive if they enjoy access to services that help them cultivate a more highly skilled workforce and a well-organized work environment.

Many of New York's national and international competitors have come to recognize the importance of a well trained workforce. For example, Germany and Japan, our leading competitors in the manufacturing field, invest heavily in skills training and upgrading. Germany requires corporations to either engage in training directly or pay a "training tax." German corporations contribute approximately 3.5% of their annual payroll to public training and employment programs through joint employer-employee unemployment insurance. Japanese corporations are required to contribute an average of 1% of payroll into the National Employment Insurance Fund, which pays for unemployment and training programs. Sweden and Denmark both have National Labor Market Boards.

The National Board, which operates Sweden's employment service, manages the labor exchange and provides training and subsidized employment. Denmark's National Board serves a similar purpose. In Sweden, an employer contribution of approximately 2.5% of annual payroll finances the board. In Denmark, while government revenues fund most of the board's efforts, employers contribute 0.2% of annual payroll, and workers match their contribution (America's Choice). These countries have developed a high wage economic strategy based on the skills of world-class workers. High wage levels are partly attributable to national income policies and union/employee participation in the development of training structures. The payment of higher wages is facilitated when employers have achieved higher levels of productivity through increased training or new forms of work organization (America's Choice).

The More You Learn, The More You Earn

Full-time, year-round workers and salary income from all jobs in New York State during calendar year 1991



Source: New York State Department of Labor; Unpublished data from the U.S. Bureau of Labor Statistics, March 1992, Current Population Survey, NY Residents

Ultimately, if employers are convinced that restructuring their work systems and investing in their workforce is critical to their own economic vitality, then New York will maintain its competitive edge. If not, some companies will go out of business, many jobs will be lost and the State's economy will suffer. Nationally, some

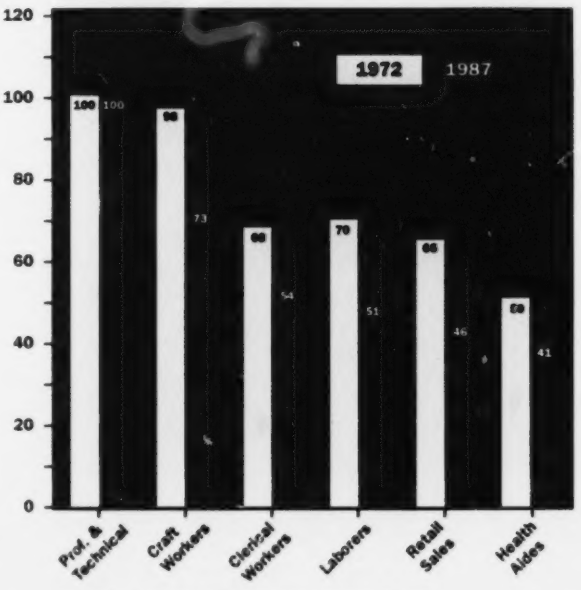
employers are responding to competitive economic pressures by moving production to low wage countries, closing down American plants and becoming importers and replacing higher paid workers with lower paid workers (America's Choice). New York State policy must encourage employers to choose more proactive approaches and thoroughly commit themselves to skills upgrading and modernization.

Implications for Workers

Changes in the economic landscape offer both opportunity and risk for those currently in the workforce. Many economists believe that in the not-too-distant future, skills will be the most critical factor in determining wage levels for most workers. Skills, such as problem solving and adaptability, are at the heart of what is needed to establish a world-class workforce. Workers with these and more advanced skill levels will be viewed by employers as valuable assets to a successful organization. Workers who do not demonstrate higher levels of skills could very well be relegated to low wage jobs that make it difficult to maintain self-sufficiency.

There is evidence that wage disparities related to skill levels have increased in recent years. This trend could have a devastating impact on an incumbent workforce that entered employment at a time when the technical skills required were not as demanding. In many cases, individuals already in the workforce do not have the skill levels necessary to function in organizations that adopt new strategies designed to achieve world-class competitiveness. Without skill enhancement, these workers will be dislocated in a high skill, high wage economy.

The Relative Wages of Front Line Workers Are Going Down



Change in Wages for Selected Occupations Relative to Each Other

Source: America's Choice/Bureau of Labor Statistics

Most workers, regardless of their occupation, have an interest in enhancing their skills or educational levels. While some employers and unions have created opportunities for skill enhancement, a strong education and training commitment needs to be made to all workers so that they can survive and compete in the global marketplace.

Finding A Upgrading the skills of those currently in the workforce is vital to New York's economic future. New York could ensure that it maintains a competitive edge by committing itself to creating a world-class workforce.

Finding B Providing all workers with opportunities for training and retraining is essential for New York to ensure the dignity and economic self-sufficiency of its citizens. Government has a particular obligation to ensure that those who are at risk of diminished economic futures have access to the education and training that will allow them to compete on an equal footing with all other workers.

Finding C New York State policy and investments in upgrading skills should help discourage low wage strategies for economic competitiveness.

Finding D New York State must encourage employers and other organizations to invest in the skills of their current workers as an alternative to approaches that would contribute to the worsening economic conditions of joblessness and unemployment.

The October 1992, National Training Report, explained that companies with over 100 employees spent over $45 billion on training and 41 million American workers (35%) received some kind of formal training. The same survey concluded that nationwide, approximately 4% of the total payroll of companies with over 100 employees is spent on training—equalling approximately $1.8 billion annually (NYS DED).

The numbers above show that at least a portion of the business community is investing in the skills of workers. However, there is no precise description of the exact type, depth or relevance of training being offered. Some studies indicate that the majority of training dollars are invested in procedural training and those occupying management-level positions. There is very little evidence that employers are significantly investing in front-line workers or in developing world-class work organizations. America's Choice reports that "most American companies still cling to old forms of work organization"–despite the potential advantages of the HPWO or total quality management (TQM) approach.

In contrast, not only do Germany, Japan, Sweden, Denmark and other advanced industrial countries invest more in employment and training activities, they share a strong commitment to creating a high skill, high wage economy for all of their workers and have developed strong partnerships between government, employers and labor. They also agree on certain fundamental principles which include: high academic expectations for all young people; developing a strong school to work transition program with continuous options for higher education; providing training and information to all workers—especially front-line workers; and promoting the adoption of high performance work organizations—with the cooperation of business, labor, government and the general public. Implementation strategies vary across each country but each maintains coherent, highly systematic structures to stimulate both the supply of and the demand for highly skilled workers (America's Choice).

World Class Work Organizations and Training Investments- Current Status

National Overview

Not only do Germany, Japan, Sweden, Denmark and other advanced industrial countries invest more in employment and training activities, they share a strong commitment to creating a high skill, high wage economy for all of their workers and have developed strong partnerships between government, employers and labor.

Case Study 2

Company Name: The Voges Manufacturing Company, Inc., Queens County

Union Representation:
International Association of Machinists & Aerospace Workers AFL-CIO, District 15, Suffolk Lodge 1470
Plastic Metal, Trucking Warehouse & Allied Workers' Union, ILGWU, AFL-CIO Local 132-90-102

Background and Competitive Issues: VOGES, a fourth-generation family business, employs 25 in providing aerospace machining, bonding and assembly work for Fortune 500 companies and the U.S. Government. It is a major supplier for Sikorsky Aircraft (e.g., the Blackhawk helicopter), with 80% of its business defense-related. Sikorsky has required all its suppliers to implement Total Quality Management (TQM) and Statistical Process Control (SPC) in order to remain on the preferred vendor list. In addition to implementing TQM, VOGES is also exploring the commercialization and diversification of its business into such areas as medical equipment and transportation. VOGES, although financially stable, is extremely vulnerable to the major cutbacks in federal defense spending (over 60% since 1989) and the recessionary trends in commercial aerospace. The competition for these shrinking markets is intense.

Competitiveness Strategy: VOGES has embarked on a two-phase TQM and SPC training program as part of a larger goal of becoming a high performance work organization. Phase I combines training with interactive team problem solving. Phase II includes analyzing VOGES operations, marketing and strategies in order to preserve existing markets and identify new ones. The company has also established an in-house quality committee made up of labor and management. The Committee oversees the continuation of training by designating team leaders such as the shop manager.

Training Activities: VOGES believes that quality training is absolutely necessary to its survival. By implementing the TQM training program, VOGES has maintained a 99% quality rating with Sikorsky Aircraft, although the latter keeps "raising the quality bar." Sikorsky does not tolerate any monthly rating below 95% and will institute new quality guidelines, called S-2000, in April of 1994. Sikorsky conducted an extensive audit in late 1993 and was amazed that VOGES was able to take corrective action within three weeks on fifteen different items. In response to that audit, VOGES is also redoing the operations training manual to include TQM. This manual will be at every station on the shop floor. As the next step in creating new quality systems, VOGES plans to do more training in productivity and may apply for assistance in consolidating and re-engineering their manufacturing layout.

State Assistance:
Economic Development Skills Training Program (DED)

New York State Overview

In the new competitive framework described by the ASTD and America's Choice, New York State employers must not only produce quality products and services but now, in addition, strive for speed, affordability and customer satisfaction. In order to meet these goals, systems of work must change, and employees must have opportunities to enhance their skills. There is evidence that this is happening in New York State—to what degree remains unclear.

Some New York State based employers have accepted the challenge of change and are making great strides to remain competitive by establishing new organizational priorities, enhancing the skills of their workers and restructuring old methods of operation. Capturing the level of activity statewide, however, is difficult. Beyond anecdotal information, there is no comprehensive system that collects and maintains data about the total number of employers in New York State that are actively moving toward world-class workplaces, nor is there an accurate measure of the amount of money being invested in these endeavors. Despite the lack of information, two facts do remain clear. First, a trained workforce is essential for the development of a world-class workplace. Second, change in the organization of work drives the demand for high skills.

A major question becomes: how trained or skilled is New York State's workforce? The answer, again, is purely anecdotal. Based on national training data, of New York State's eight million employed people, only 2.8 million are currently receiving some type of formal training. Of the training that is provided, there is no reliable description of what type of training it is, how relevant it is to the current position, how transferable it is to another position or whether the organization and operations have changed to accommodate advanced skills. There is also no measure of how much it costs to provide the training.

Among the State's eight million employed individuals, there are hundreds of occupations and trades with various education and skill levels. However, a chilling fact is found in the 1992 Educational Testing Service's (ETS) National Adult Literacy Survey results. Using the survey data, the task force estimates that about 1.5 million of these eight million workers, function at about a fourth grade level. Although the methodology and results of the ETS survey have been questioned by some adult literacy experts, the data help to at least frame the argument that many of the State's workers are unprepared for the demands of a world-class workplace. What employers and employee organizations are doing, or are prepared to do, about this situation is virtually untraceable in New York State.

The America's Choice report concluded, in 1990, that nationwide, only 5% of the country's businesses were actively adopting the high performance concept. In New York State, there are 470,000 private sector establishments. Based on the experience of State agencies that provide direct financial and structural assistance to employers, such as the New York State Department of Economic Development, far less than 5% of those businesses are moving toward world-class organizations.

Among those employers who have decided to operate differently, much progress has been made and many have turned to the State for assistance. For instance, since 1987, New York's Economic Development Skills Training Program has worked with over 3,200 State based companies and committed nearly $14 million in support of some 400 training projects. This program has provided training for nearly 5,000 new employees and upgraded or retrained over 40,000 existing employees.

In 1991, these State-coordinated worker training efforts were enhanced by the establishment of the SUNY/DED Strategic Training Partnership. The Partnership seeks to increase and retain good jobs for New Yorkers by identifying critical emerging skills needed by the workforce in key industries and providing training of the highest quality in those skills. Thousands of workers in a variety of large and small businesses have benefitted from training funded by DED (and formerly State Education Department) skills training programs, with State University campuses delivering state-of-the-art instruction, usually right at the worksite. Plans are nearly complete for DED to enter into similar partnerships with the City University of New York and the State Education Department. Despite these advances, however, the overall percentage of companies developing world-class work organizations and upgrading the skills of their workers remains low.

Finding E The current level of knowledge regarding world-class work organizations, the skills levels of the current workforce, and the amount and type of training underway is inadequate.

Recommendation 1
Data collection efforts at the federal level, supplemented by state systems, should be enhanced so they may become the primary source of ongoing information regarding world-class work organizations.

Recommendation 2
The New York State Departments of Labor, Economic Development and Education should collaborate to assess the current status of employers that are moving toward new forms of work organization, with specific reference to education, skill levels and training activities.

Finding F State government has a shared responsibility with employers, labor unions and workers to improve the skills which could lead to higher workforce productivity and performance. However, due to the magnitude of the investment necessary to move all private and public employers to world-class competitive levels, the vast majority of resources must come from employers.

Spectrum of Demand in NYS for Skills Upgrade Training

If creating a world-class workforce puts employers on the road to economic survival and competitiveness, why do so few employers engage? There are many reasons, among the most common are these: lack of awareness of the need to change, lack of up-front resources and resistance to change.

There are essentially four categories that describe the position of employers regarding world-class organizational development. First, there are those employers who understand the value of world-class work organizations and take steps to move in this direction. According to notable workforce studies and testimony given before the task force, companies that are considered world-class recognize high level skills as an investment and find ways to finance training and other activities that advance their competitiveness goals.

A second category of employers consists of those who understand the importance of competitive workplaces but do not have the capacity to implement changes. Many of these employers find the cost prohibitive or find it difficult to access assistance that would allow them to make changes—either financially or structurally.

The third group of employers characterize those who are unaware that their current organizational structure may be a barrier to their ability to compete. Most often, these are small employers who may or may not be comfortable with the way their businesses operate but have little or no information about new work organizations and little time to plan for their own longer-term viability.

Finally, the fourth category describes those employers that are cognizant of the theories regarding organizational change but for a variety of reasons maintain the status quo with low skilled jobs and workers, low wages and high turnover. The priority for these employers is short-term gain, often at the sacrifice of long-term profitability and survival.

Regardless of the grouping, demand for skills upgrading and modernization services is strongly affected by the process required to achieve organizational transformation. Structural change is difficult because the flow of work must be dramatically redesigned, there may be no internal training system, and often, no strategic plan for workplace or worker enhancement. In addition, the process has up-front costs, the benefits are uncertain, employers are often less than enthusiastic about change and many employers are simply preoccupied with staying afloat or dealing with day-to-day operational problems.

Finding G Although the benefits of change outweigh the organizational and financial burdens of becoming a world-class work organization, too few New York State employers have accepted the importance of moving in this direction and, therefore, have not made upgrading the skills of their workforce a high priority.

Target Group:
Small and medium-sized manufacturers within New York State

Program/Services:

Self-help Consortium Program

Training is provided in the following areas: formal presentations on topics related to ISO 9000 compliance; presentations on the efforts of member companies to implement their systems; presentations by outside experts and registered companies; and discussions on various approaches, tools and techniques for successfully implementing a quality system within a manufacturing organization.

Network Structure:
Five to ten companies with participation from one to three members per company. Network meetings are held on a monthly basis for 12 to 18 months and are hosted by different member companies or by the NEMTC office.

Major Benefits:
The low cost of operating the network and the collaborative support and assistance provided by member companies to each other.

Financial Benefits:
Individual companies are charged $900 per person for the duration of the program. Outside of such a network, the same service may cost upwards of $3,000 per person.

Target Group:
Small and medium-sized companies

Program/Services:

ISO 9000: Foundation for Quality Management Network Program

Training is provided on the following topics: analysis of the twenty clauses of ISO 9001; ISO 9000 implementation issues; development of an ISO 9000 compliant quality manual; team building/employee participation; development and control of ISO 9000 documentation; ISO 9000 internal auditor training; and use of statistical process control methods.

Network Structure:
This network is comprised of seven intensive training sessions on various topics needed to comply with ISO 9000 certification standards. The network generally consists of 15 to 20 persons from any number of companies.

Major Benefits:
Participants quickly bond and feel comfortable about sharing implementation strategies. Throughout the training, members are encouraged to share information and assist one another in areas of expertise. After the training, the group is encouraged to continue to meet as a self-help group until a majority of the members become certified.

Financial Benefits:
The member fee for this program is approximately $1,800 per person. While this activity is nearly twice as expensive to facilitate as a pure self-help network, it is more than half as expensive for participants than if they were to obtain training on each of the seven topics on an individual basis.

Case Study 3

Company Name: **Snyder Tank Corporation, Erie County**

Union Representative: United Auto Workers Local 55

Background and Competitive Issues: Snyder Tank Corporation is a family-owned production metal fabricator, specializing in the manufacture of over-the-road fuel tanks, which it sells to original equipment manufacturers. The company operates from four production facilities, located in Buffalo; Springfield; Ohio; Chester, South Carolina; and Dublin, Virginia. The Buffalo plant serves as the corporate headquarters and employs 150 individuals. The company's products include truck, bus and military vehicle fuel tanks, mounting brackets, straps and high pressure reservoir tanks. Snyder products are also sold to a variety of smaller OEM's and after market customers numbering over 100. The company's principle customers include Navistar International, Mack Truck, Freightliner and Volvo/GMC. The truck market responds quickly to significant changes in general economic conditions. When the economy is in a no or slow growth mode, earnings are difficult to generate. Economic recovery reflects increased sales and earnings. The company has had limited success in the development of counter-cyclical products to combat this trend. Fuel Tanks for military vehicles, (including a special sand resistant tank for vehicles utilized in Operation Desert Storm), have shown some promise. Other products such as bleachers, yard garbage containers, snow blowers, and sanders have been introduced and discarded over the years. The fuel tank manufacturing business is "mature" and highly competitive. Recent truck industry trends have dictated that Snyder Tank undertake efforts to lower market prices, obtain faster response to customer needs and promote a greater emphasis on product quality.

Competitiveness Strategy: In order to meet its business challenges, the Snyder Tank Corporation initiated major changes in its manufacturing and business procedures. The company and its union, Local 55 of the United Auto Workers, worked together to institute High Performance Workplace principles designed to increase the quality of the product and the speed at which it is delivered to customers. The company utilized extensive employee empowerment, which led to the reduction of the supervisory workforce to two people for the 150 person production workforce. The company invested heavily in new computer and production technology, which will allow the company to become a Just-In-Time manufacturing facility, and to incorporate Statistical Process Control procedures into its entire manufacturing process. The Clean Air Act, which requires major pollution emission reductions, has presented the company with an opportunity to increase sales though the development of alternative fuel tanks. The company is currently developing a product which will require higher skills from its production workforce.

Training Activities: The company has instituted training efforts in computer literacy (each employee must be able to operate a computer terminal under the company's J.I.T. program), Statistical Process Control and Total Quality Principles including team building and employee empowerment programs through Erie Community College. Advanced welding skills required by both its current customers and those required for the manufacture of the new product line have required the company to institute Advanced Code Welding training programs in conjunction with the Buffalo Private Industry Council and Erie BOCES. Because the need for this training will be on-going, the company has donated advanced welding equipment to the BOCES to be utilized as a resource for its existing as well as its future employees.

State Assistance:

Economic Development Skills Training Program (DED)
Regional Economic Development Partnership Program (UDC)
Industrial Effectiveness Technical Assistance (WNYEDC)

III. Roles of Government, Employers and Unions

By all indications, only a small percentage of New York's employers have adopted world class competitiveness strategies. Because of the urgency of retooling our economy, the State should attempt to serve as a catalyst for raising the awareness level among employers, unions and workers regarding the importance of higher skill levels to the overall competitiveness of our economy.

Some employers have had great success in adopting high skill strategies. Those employers collectively maintain a wealth of information that would be valuable to others attempting to replicate those successes. In organized workplaces, labor/management agreements have also created an environment for progress in the areas of skill enhancement and modernization. Mechanisms should be put in place to collect and help disseminate this information across the State.

Among the employers who can demonstrate the benefits of new work organizations and higher skills are the State of New York itself and its local government counterparts. As major employers and providers of services, state and local governments are uniquely situated to provide a positive example to other employers across the State. State government should lead by example by encouraging its suppliers and local governments who receive funding to give high priority to raising the skills of their workers. While not completely reorganized, New York State has developed a vision for a higher standard of operation. In 1992, the Governor and the Lieutenant Governor fully endorsed the Quality through Participation (QtP) initiative designed to encourage higher skill development and implement total quality management in New York State government. The State should use its QtP and Excelsior models as learning tools for all workers and employers.

Finding H Encouraging employers and workers to adopt higher skill levels will have long term benefits for the State's economy.

Recommendation 3
The State should undertake an informational and educational effort that highlights the importance of increased skill levels for both employers and workers.

As major employers and providers of services, state and local governments are uniquely situated to provide a positive example to other employers across the State.

The Quality through Participation (QtP) Project

The Quality through Participation (QtP) project began in 1991 with six prototype agencies and has now grown to eleven, representing approximately 60% of New York State's workforce. Administered by a staff team from the Governor's Office of Employee Relations (GOER), the QtP initiative has four elements: customer oriented public service; best practices to get the job done right the first time; empowered employees; and continuous improvement. Several of the prototype agencies that provide services locally have strong working relationships with their local government counterparts and are promoting the concepts of quality and higher skill development at those levels.

(continued on page 18)

Recommendation 4
The State should create a special human resource category under the Excelsior Award program that recognizes employers that have been successful in upgrading the skills of their workforce.

Recommendation 5
State government, as a major employer, should take the lead, with its unions, in the move toward world-class work systems by upgrading the skills of the entire public sector workforce.

Recommendation 6
The State should adopt policies that encourage its suppliers and local governments that receive state funds to upgrade the skills of their workers.

Recommendation 7
New York State should initiate a broad based marketing and awareness campaign in cooperation with industry leaders and labor so that the importance of skills upgrading would be realized in all sectors of the economy—public, private and not for profit.

Providing Services

While the State cannot be expected to take full responsibility for upgrading the skills of every worker, it does have a legitimate role to play in this overall effort. Access to limited State funding is not the only barrier, and perhaps not even the most significant barrier, that employers and workers face. Having access to appropriate training courses, convenient locations and convenient times can often be as important. In addition, having training experts housed in the various service providers, such as public and private colleges or universities, and Boards Of Cooperative Educational Services (BOCES) throughout the State is important in helping to organize training efforts.

Providing employers and workers with appropriate information about upgrade training is key because the forces shaping the world economy will continue to require higher and higher skill levels. However, as this report has indicated, most employers and workers are unaware of the profound changes that are underway. Their survival depends on their ability to access information about training.

This need can be met through the development of special activities like supplier networks or training consortia that are designed to bring together small and medium-sized employers with similar training needs. Recently, training consortia have become a popular option for smaller employers that need comprehensive and economical training services. Networks have also become common among suppliers and their large corporate customers. Through such networks, suppliers develop new, more efficient methods of operation. Suppliers can thereby increase quality and reduce the price of the product and services they provide to their customers. In fact, this focus on constant improvement is the only way many suppliers can hold on to their customer base.

To successfully move toward world-class work organizations, unions and workers need to become active partners in the earliest stages of the change effort. Team design, labor-management cooperation, employee ownership, and advanced manufacturing practices are just a few of the elements that should be examined as partnerships between workers and manage-

ment are formed. At the Conference on the Future of the American Workplace on July 26, 1993, in Chicago, Labor Secretary Robert Reich called for a "new compact" between labor and management to make their companies more profitable and their employees more valuable. The Secretary's position was that the world of production is different now, that the battle is not between management and unions, but rather, with the obsolete ways of working that no longer work (Office of the New American Workplace).

It is appropriate for the State to actively support more competitive work organizations but in many, if not most cases, employers lack the expertise to adopt high performance strategies. New York State should use its purchasing power and network of economic development programs to provide technical assistance to any employer who wishes to move in this direction. State training assistance should be delivered in close collaboration with other economic development programs to ensure that State investments have a workforce development focus.

The Department of Economic Development and other State agencies provide funding and services to businesses for the broad purpose of economic development. These programs include financial assistance for the construction of facilities or purchase of equipment, technical assistance for improving productivity, marketing assistance, and other services. The common thread connecting all of these programs is a desire to help employers improve their competitive position. In most instances the changes that businesses will undertake as a result of these interventions will only be effective if the workforce is able to fully implement them. For economic development programs to have the greatest chance for success, all such efforts should develop specific strategies to ensure that the skills of the workforce keep pace with other investments being made in the organization.

In addition to the services provided directly to employers, the Departments of Labor, Education and other agencies operate numerous programs that provide skills training to individuals. These programs attempt to arm individuals with the skills they need to enter or succeed in the workforce. However, the level of skills training varies greatly from program to program. Often they engage in short term training that is designed to meet a fairly narrow purpose. In order to ensure that these programs serve both the short-term and long-term interests of people seeking services, they should focus on providing workers with world-class skills. Enhancement programs should entail basic as well as advanced skills such as communications, teamwork and problem solving.

The process of designing and accessing training services can be complex for employers, unions and workers alike. Resources must be identified, skill needs clearly defined, curriculum developed, providers engaged, and quality maintained. In some cases, organizations must join in consortia with others in order to access services. While the State cannot fully fund all training efforts, it could provide a valuable service by helping to support a system to design and implement specific training programs for any employer or worker. In addition, any effort should be closely linked to existing Economic Development and Department of Labor local infrastructures.

Vendor quality standards have also been discussed as part of the QtP initiative but are evolving slowly to allow the prototype agencies time to adjust to higher administrative and operational expectations. The New York State Department of Motor Vehicles (DMV), a participating QtP agency, is a prime example of what can be viewed as an evolving world class workplace. Since 1992 the DMV has focused on reinventing how it functions. Over a two year period (FY 93-95) the DMV will invest approximately $4 million in quality training for workers and process design, improved customer service, technical support, and partnership with labor unions to share the

QtP Participants

Organizations Currently Involved in QtP

QtP Prototype Agencies

Department of Criminal Justice Services

State Education Department

Division of Equalization and Assessment

Office of General Services

Office of Mental Health

Office of Mental Retardation and Developmental Disabilities

Department of Motor Vehicles

Department of Parks, Recreation and Historic Preservation

Department of Social Services

Department of State

Department of Transportation

Finding J The State should take steps to ensure that a comprehensive network of services is in place and easily accessible for all employers and employees.

Recommendation 8
The State should provide access to technical assistance, outreach, marketing and assessment services to organizations interested in moving toward global competitiveness through the implementation of high performance work, TQM, or other strategies.

Recommendation 9
The State should also ensure the availability of technical assistance and/or marketing vehicles that will enable all employers and workers to access training or retraining services suited to their needs and objectives.

Recommendation 10
The State should provide technical assistance through a network of regional consortiums—working with the Departments of Labor, Education, Economic Development and employers to ensure that customers can access information that meets their specific needs in a timely manner.

Recommendation 11
Small and medium-sized employers should be given special attention and should be assisted in the development of consortia or cooperative arrangements that allow them to better access the training system.

Recommendation 12
Economic development initiatives in New York State, including capital programs, should require an assessment of the need for training and indicate the relevance of specific training programs where appropriate.

Recommendation 13
All adult employment and training programs should be customer driven and designed to help individuals obtain world-class skill levels.

Recommendation 14
The State should ensure that the curriculum and training services offered by providers are updated according to current skill needs and are of high quality.

Setting Standards

Standards are one key element to any effective human resources development system. There is now general consensus on the need to achieve world-class performance in the workplace. National efforts, such as the Secretary's Commission on Achieving Necessary Skills (SCANS) and the America's Choice report have attempted to define those world-class standards by describing the kinds of skills and knowledge that workers in successful organizations demonstrate.

Drawing from those national efforts, New York State's Task Force on Creating Career Pathways, in its September 1992 report, proposed that our State adopt more rigorous standards in the areas of academic and workplace skills. The task force recommended that New York State develop a Career Pathways Certificate that would certify the acquisition of basic work place skills, and a series of Professional Technical Certificates that certify specific job related skills at world-class standards. While the focus of that effort was on school to work transition and entry level skills, the concepts are relevant to all workers.

This proposed system could serve as an objective means to measure and recognize the competencies that any individual obtains, and thus could be applied across the board to all training and retraining efforts. As envisioned by the Career Pathways Task Force, standards would be identified and certificates developed with significant input from employers and organized labor.

One of the important elements of this approach would be to ensure that incumbent workers, who have performed well in their current positions, are not displaced or adversely affected by the imposition of arbitrary standards. Certificates would have to be based on the specific competencies necessary for job performance and not on some general measure of academic achievement. This would ensure that employers and employees are engaged in training efforts that will enhance their competitive position.

Finding K An objective set of standards based on the competencies necessary for success in the workplace can help to ensure consistency and quality in service delivery and program design.

Recommendation 15
As recommended in the Career Pathways plan, the State, in conjunction with business and labor, should develop skill standards and performance-based credentials that certify levels of competence.

Recommendation 16
A special system of assessment should be developed to ensure that the skills of incumbent workers are properly certified.

Recommendation 17
Skills upgrading programs should be designed to ensure that individuals can obtain relevant certificates.

Targeting Resources

At the outset, there are three significant considerations that the State of New York must address in order to achieve statewide movement toward a world-class economy. First, government cannot accept sole responsibility for upgrading the skills of the entire workforce. Second, the State must make a more substantive financial commitment to the overall goal of enhancing and maintaining its competitive position, nationally and internationally. Third, for the benefit of the State's long-term economy, current resources must be allocated strategically.

It is evident that any undertaking to transform New York State's 470,000 businesses into higher order work environments would be a sizable and costly undertaking—more costly than the State alone could ever venture to finance. For instance, it is estimated that there are at least 1.5 million employed people in the State of New York that function at the fourth grade reading level (ETS). Educators estimate that a $3 billion price tag would be attached to bringing just that number up to an eighth grade competence level —and substantially more to bring them to world-class competence. Therefore, in addition to raising awareness, providing services and setting standards, it should be clear that the State's role in cultivating a world-class work environment is also catalytic. Employers and labor should be primarily responsible for supporting the effort to upgrade the skills of workers and develop more competitive work organizations.

While it is clear that State programs will not pay for all of the training needed to upgrade and

Case Study 4

Company Name: ANITEC (Imaging Products Division of International Paper), Broome County

Union Representation:

International Chemical Workers Union–Local 306
International Union of Operating Engineers–Local 71
Int'l Assoc. of Machinists and Aerospace Workers–Local 506
Int'l Brotherhood of Electrical Workers–Local 325
Plumbers and Pipefitters–Local 112
Sheetmetal Workers–Local 112

Background and Competitive Issues: ANITEC employs 1,100 individuals in the manufacture of graphic arts supplies for the printing and publishing industry. Its key products are photosensitive papers and films and processing chemicals, which it sells to publishers worldwide from its Binghamton plant. ANITEC's products–papers, films and processing chemicals–are used in newspaper, magazine and other periodicals and printed materials. ANITEC has a long history in the graphic arts and films industry, having operated as ANSCO and GAF over the years and having won an award from the Academy of Motion Pictures in two separate years. ANITEC's products were on board the Gemini spacecraft when John Glenn photographed the Earth in pictures that have been reproduced in journals everywhere. ANITEC was acquired by International Paper in 1987 and became headquarters for the Imaging Products Division, which consists of nine manufacturing facilities in the USA and in Europe. Two of these plants compete with ANITEC's product lines while the others produce materials which complement ANITEC's products. A competitive concern for the Binghamton facility is that it reported significant losses in a Division which showed significant sales generation in 1992. Across the nation, advertising budgets have been slashed in times of economic stress. Such reductions have had an impact on ANITEC and will continue as the economy emerges from the recession and spending on advertising increases. Moreover, ANITEC is facing market pressures as the nature of the market changes and customer demands shift from paper to film. Film-based products have more stringent quality specifications and present ANITEC with a need to improve quality, introduce new technologies (like electronic imaging), transition from one product to another and still improve bottom-line performance.

Competitiveness Strategy: Among a range of other activities and changes at ANITEC, which include a major investment program that will incorporate state-of-the-art technology and equipment, the company adopted a philosophy that said a basic change must be made in the plant's culture, the way work is organized and the manner in which every employee is involved in the work process. Together with the six unions representing its over 1,100 workers, ANITEC established a joint labor-management steering committee which developed a comprehensive training plan to upgrade the skills of the workforce to adapt to the new technology and equipment being introduced at the facility and to increase the extent to which workers and managers acquired skills needed to work in goal-directed work teams. Introduction and development of these goal-directed work teams has become an integral element in ANITEC's survival and competitiveness strategies. The company and union philosophy is that an empowered workforce unleashes its potential and abilities in the solution of problems and its creativity in identifying ways to continuously improve and compete.

Training Activities: ANITEC believes that, while training is not the answer by itself, it is the key component to the employee involvement process which is the underpinning of its survival strategy. The company has invested in developing three internal trainers to develop training products, assist workers and managers in designing and conducting training activities and to provide overall management for the training of ANITEC employees. In addition, extensive team training is being offered to groups which include operators, managers and engineers. The initial training is being focused on a newly established manufacturing work cell in the finishing department. Some of the training is being offered through the local BOCES in addition to the work of consultants and other training providers. The training includes: effective communications skills, managing conflicts, creative problem solving and other disciplines related to team-based management systems.

State Assistance:

Regional Economic Development Partnership Program (UDC):
NYS Labor Management Committee Development Assistance(NYSDOL)

maintain the skills of the workforce, most states have decided to invest some resources for these activities. Most often, those states provide direct grants to businesses to pay for training costs. The amount of resources devoted to this type of employer specific training varies widely among states.

New York's investment in skills upgrading during FY 93-94 was about $2.2 million and should be viewed, at least in part, in the context of remaining competitive with some of these other states. According to a 1993 national study conducted by Steve Duscha Advisories, NYS ranked 47th out of 50 states surveyed regarding their investment in customized training programs. New York State's per capita investment was $0.26 per worker. Iowa ranked highest in per capita expenditure at $16.20 per worker. With the exception of Massachusetts, the states bordering New York–New Jersey, Connecticut, and Pennsylvania also out-ranked New York in per capita investment in customized training programs.

If New York State is to truly compete with other states, it must work vigorously to close the apparent investment gap and ensure that there are enough resources to attract and retain businesses. However, simply providing a limited number of businesses with resources to offset training costs is not the most effective method of raising the skills levels of a State's workforce. Given the reality of limited resources it is critical that investments be made with specific long-term goals in mind. Those long-term goals should form a strategy that is aimed at improving the economic position of the state as a whole.

Some industries hold great promise for future growth. Other industries such as manufacturing, which currently have a shrinking employment base in the state and the nation, still play a critical role in the overall economy. State economic development policy should and does encourage investments in the stability of these industries. Decisions regarding training should take into account the future benefits these industries could provide. Both potential growth and economic base industries should be given priority in state funding of skills upgrading.

In addition to a focus on growth or foundation industries, State policies should also give consideration to the factors that make individual employers globally competitive. High Performance Work Organizations, TQM, and Continuous Improvement are examples of strategies that the most successful organizations have undertaken. Many experts believe that all organizations will have to adopt these types of strategies in order to survive and prosper. Developing these kinds of organizations almost always involves a significant investment in training. The task force heard testimony that suggested that seed money was particularly important. When the initial investment was shared with a state or other outside entity, companies moved quickly and contributed more of their own resources. Therefore, State funding should be directed toward employers who are engaged in worker enhancement activities, particularly those who have demonstrated that such training would be a major factor in their ability to improve performance and competitiveness and move closer to development of a world-class work organization.

Priority should also be given to employers that otherwise would be unable to access the training necessary to improve their competitive position. For instance, small and medium-size businesses are less likely than large businesses to have the available resources for enhancement activities. At times they do not have the "critical mass" necessary to make it economically feasible for a training provider to develop a customized course. However, it is generally recognized that smaller employers have been the primary engine of employment growth over the recent past. Their unique situation and importance to the economy warrant special attention.

Regardless of the size of the organization, the skills required to function effectively and contribute to success are dramatically different than those that characterized more rigidly hierarchical organizations. Workers will now be expected to have more autonomy, participate as a member of a team and be more flexible. Successful organizations usually have a greater reliance on technology and, therefore, require more technical skills as well. Within that context, some specific skills are more likely to be valued in today's job market

and thus would provide greater benefits for workers in the short-term. In addition, there are some high-level skills that are associated with certain industries that are projected to hold the greatest promise for future growth. Workers should be encouraged to obtain those skills in order to help secure their economic futures.

If high skills and high performance are to be the wave of the future, New York's economic development and training policies should actively encourage employers and workers to adopt new forms of work organization and higher levels of skills. There are two effective means for achieving this goal. First, require employers, unions and workers who are requesting State funding to demonstrate how the proposed training relates to a strategy that will enhance economic competitiveness. Second, retain training experts that are closely connected to the economic development system to ensure that relevant training is being provided and that State resources for direct training are used strategically.

Finding L New York State's existing programs for funding skills upgrade training should be expanded and redirected.

Recommendation 18
In order to remain competitive with other states in attempting to attract or retain employers, the State should have some modest additional funding available to provide direct grants and services to employers, unions, and employees in all strategic sectors of the economy.

Recommendation 19
State funding programs for skills upgrading should be based on strategic considerations that include the importance of the industry or specific skills to the overall economic development of the state or personal marketability of the individual.

Recommendation 20
Employers or workers should generally be considered for subsidies for training only when they are engaged in a broader effort to achieve world-class levels of performance and competitiveness.

Recommendation 21
Small and medium-sized firms should receive priority for funding.

Recommendation 22
Workers who are at risk of a diminished economic future as a result of the move toward a world-class workplace should also receive priority for training funds targeted to individuals.

Generating Funds

The task of upgrading the skills of the State's entire workforce will be enormous. Therefore, realistic and open discussions about increasing State funds for the purpose of assisting employers must occur. Further, even as the availability of existing funds is examined for targeted use, new and creative resource streams must also be sought. As resources are identified, the State must continually re-affirm its primary role as that of technical assistant. The State can then work to inform employers about competitiveness issues and help them gain access to resources for start-up or project enhancement.

Of the many resource issues that the State must address, one is the unfortunate decline in funding for direct grant programs. These programs have proven to be successful in helping employers to improve efficiency, production and the skill levels of employees. The consistent reduction in funding and sometimes elimination of such programs has significantly limited the State's ability to provide assistance. State policies designed to encourage world-class workplaces must convince employers that skills upgrading and modernization are priorities. The State must move to reestablish financial assistance for direct grant programs that adequately meet employer needs.

As noted earlier in the report, there are several State-operated loan funds available to employers for capital improvement or modernization. The majority of State loan programs do not have provisions that allow employers to borrow for the purpose of upgrading the skills of workers. Among those programs that do, little emphasis is placed on the importance of training as a step toward world-class competitiveness. Regulations that govern State loan programs must be reexamined for their ability to best meet the training needs of employers as they work to transform their workplaces into world-class organizations. In addition, the State should explore the potential benefit of establishing a privately

financed, low-interest loan program specifically designed for employers aiming to provide upgrade training or develop modernization projects.

New York State also has a number of funding programs designed to help individuals access educational services. As more people become aware of the need for skills enhancement, beyond the demands of their current job, more creative financial aid rules will have to be put in place. Currently, most State financial aid programs have stringent matriculation rules for eligibility. Individuals not registered in a degree-granting or specific certification program are often ineligible for financial assistance. These assistance policies limit opportunities for people who cannot fully finance skills enhancement courses or whose employer does not offer tuition reimbursement or training programs. Therefore, in addition to developing a learning system that better accommodates those already in the workforce, State policy must also ensure that employed individuals are better able to access the resources necessary to finance their educational pursuits.

The realities of the current economy make it nearly impossible to consider appropriating any large amount of new funds for the development of a world-class workforce. One way to address the need, as stated earlier, is to be more strategic about how existing funds are used. Another approach is to be more creative about what is identified as a potential resource. For instance some states, including California, Delaware, New Jersey, Alaska, Hawaii and Rhode Island, have been successful in using the unemployment insurance fund to generate resources for training programs. Other states have created lottery games, tax incentives and educational voucher systems for current workers.

Although some of these options have been explored and dismissed in New York State in the past, they may be worth revisiting as the demands of national and international competition place more pressure on the pool of resources for workforce enhancement and modernization.

Finding M Because of the enormity of the task, it is unlikely that a single program could meet all of the need. Therefore, a range of funding options and incentives should be available to employers and employees to engage in skills upgrade training. Resources, however, must be provided in the spirit of helping employers help themselves and encouraging them to incorporate skills upgrading into their long and short-term development strategies.

Recommendation 23
Total funding for direct grants should be restored to previous levels.

Recommendation 24
The State should identify a time-limited funding source to support a collaborative, statewide awareness campaign about the importance of world-class work organizations and highly skilled workforces.

Recommendation 25
Regulations that govern the State's existing loan programs such as UDC, JDA, IDA and regional loan funds should be expanded to encourage borrowing for skill upgrade training.

Recommendation 26
The State should develop a special loan fund through Sallie Mae lending services (or other similar devices) that would specifically target employers who wish to upgrade the skills of their workforce.

Recommendation 27
The Tuition Assistance Program (TAP) should be expanded to allow individuals to receive funding for skills upgrade training without being enrolled in a degree-granting program.

Recommendation 28
Based on the magnitude of the problem, the State should pursue creative funding options and should explore the development of an unemployment insurance training fund, the creation of a special lottery game, and the creation of a special tax credit for employers who engage in modernization and skills upgrading activities.

Appendix

The Department of Economic Development has two primary purposes: to help businesses prosper, and to create and retain jobs and increase economic opportunities for communities and populations in need. The Department delivers its services through 10 regional and two satellite offices located throughout the State, six international offices, and central offices in Albany and New York City.

Department of Economic Development

Export Finance Assistance Program

Provides low interest loans to small businesses throughout New York State, in conjunction with the New York Business Development Corporation.

Industrial Effectiveness Program (IEP)

Offers qualified industrial firms, groups of firms, or purchasing groups technical assistance in the form of grants to conduct a variety of productivity assessments to diagnose competitive problems, identify opportunities for improvement, and implement remedial actions.

Economic Development Skills Training Program (EDSTP)

Assist business efforts to upgrade skills of existing employees, implement total quality programs, introduce high-performance workplace management systems, and adopt new technologies or processes. The program also provides skills training assistance to prepare new hires for newly created businesses or for companies creating new jobs through expansions.

Employee Ownership and Participation Assistance Promotes worker ownership and participation throughout New York State for the purpose of creating and retaining jobs and increasing the competitiveness of the State's businesses.

Industrial Development Bonds (IDB) Program

Finances industrial expansion through purchases of machinery and equipment. The program is administered by DED and the Department of Taxation and Finance.

Job Development Authority

JDA, the State's economic development bank, assists the financing needs of companies for expansion or construction of new facilities through its loan and loan guarantee programs.

Direct Loan Program

Lends up to 40 percent of project costs in connection with the construction, acquisition, rehabilitation or improvement industrial or manufacturing plants, and research and development facilities.

Loan Guarantees
Provides loan guarantees of up to 80 percent of project costs. Applications to JDA must be made by banking organizations requesting guarantees for proposed loans for eligible projects. A guarantee will be limited to 20 years or the term of the loan, whichever is less. Guarantees are limited to $10 million on real estate and $5 million on machinery and equipment.

Nearly every type of business in the State is eligible for JDA assistance. However, under the JDA Act, loans and loan guarantees may not be made for projects which are primarily retail establishments, hotels and apartment buildings.

Bonding Assistance Program (BAP)
Assists minority, women and small business entrepreneurs in participating fully in the economic activity of the State. JDA provides bonding assistance to eligible contractors and subcontractors seeking to obtain construction contracts of up to $1 million awarded by a State agency or Authority, or by any county, city, town or village, and selected federal construction projects.

Al Tech Trust Fund
Uses loan repayments from Al Tech Specialty Steel to finance economic development and adjustment loans, primarily in Albany and Chautauqua, the two counties where Al Tech production facilities are located. Unlike JDA's bond proceeds, Al Tech funds can be used for working capital and are not limited to any specific percentage of total project cost.

Science and Technology Foundation (STF)

The Science and Technology Foundation is a State-based public corporation whose mission is to sponsor and encourage industrially relevant technological research and development, promote industrial productivity, and capitalize new technology enterprises.

Corporation for Innovation Development (CID) Program
Provides financial assistance to foster technology-based start-ups and young, growing business ventures in New York. A revolving investment fund is used to provide debt and equity capital to companies attempting to commercialize innovative technologies.

Industrial Technology Extension Service (ITES) Program
Provides free technical and managerial consultant services to small businesses. ITES field agents, working through host organizations, also assist manufacturing firms in researching, evaluating and implementing technology-related productivity improvements.

Urban Development Corporation (UDC)

The Urban Development Corporation is a public finance and development authority that participates in a broad range of development projects. UDC's mission is to create and retain jobs in New York State, with particular emphasis on targeting economically distressed areas.

Expansion, Retention, and Attraction Assistance Program (ERA)
Provides financial assistance for expansion or retention of firms in the State, to encourage out-of-state firms to relocate in the State, to deliver "gap financing," and to assist distressed geographic regions of the State.

Job Retention Working Capital Loan Fund
Provides financial assistance in the form of working capital loans or loan guarantees to companies at imminent risk of reducing employment. Eligible working capital expenses may include accounts receivable, inventory, and other expenses to upgrade and reconfigure the competitive position of the applicant. Working capital loans and loan guarantees will be made for a minimum amount of $500,000 and will cover a period of up to three years.

Small and Medium-Sized Business Assistance Program (SAMBA)
Provides loans of up to $750,000 or 50 percent of the project cost, whichever is less, for retooling, expansion, and modernization of small (100 employees or less) and medium-sized (500 employees or less) industrial firms currently operating in New York State or proposing to relocate to New York State.

Minority and Women Business Development and Lending Program (MWBDLP)
Provides flexible, low-cost financing for minority and women-owned business enterprises (MWBEs). MWBDLP loans may be used for a wide variety of purposes including: new construction, renovation, or leasehold improvements; acquisition of machinery or equipment; acquisition of land and/or buildings; acquisition of an ongoing business or franchise of nationally recognized corporations; working capital; linked deposit loans; and loan guarantees.

Regional Economic Development Partnership Program (REDPP)
Provides low-cost loans and grants for a variety of projects including business development projects, business infrastructure projects, economic development assistance projects, tourism, and day care projects.

The Governor's Excelsior Award is uniquely designed to help private, governmental, educational, and health care organizations understand and practice quality improvement. Announced by Governor Mario M. Cuomo in 1991, the Excelsior Award was the first state award in the nation to recognize and promote excellence in three sectors. The award program appreciated the dynamic interplay among business, government and education and their combined impact on the economy. In the 1994/1995 award cycle, health care was added as a fourth sector in recognition of its importance to the quality of life of all New Yorkers. In addition, not-for-profit organizations are now eligible to apply for the award in all sectors, and the criteria have been modified to be more applicable to not-for-profit organizations. All four sectors must achieve the highest standards of quality if New York is to be world-class.

The Excelsior Award criteria provide a common standard of excellence against which all organizations, regardless of sector, can measure their quality progress. The criteria can be used as a valuable self-assessment tool as well as to compete for the award. The seven criteria categories include: Leadership, Information and Analysis, Strategic quality planning, Human resource excellence, Management of quality process, Quality and operational results, and Customer Satisfaction.

The Excelsior Executive committee, composed of volunteers representing the public, private and education sectors, is responsible for the ongoing development and implementation of the award program. Their work is supported by the Department of Labor, the Department of Economic Development and the Governor's Office of Employee Relations. The Excelsior Award program is overseen by the Statewide Labor-Management Committee chaired by Lt. Governor Stan Lundine.

The Excelsior winners for the 1992/1993 award cycle are as follows:

Albany International Press Fabrics Division

1992 Private Sector Recipient

Albany International (AI) is the world's largest producer of paper machine clothing, with 37 manufacturing plants located in 12 countries. The clothing on a paper machine determines the characteristics of the paper, and conveys the product from one section of the paper machine to the next.

The AI Press Fabrics Division, located in East Greenbush, produces this high technology cloth for tissue and fine paper manufacturers. The fabric, which is complex and highly engineered, is placed on the most critical section of the paper machine to maintain paper quality and provide the optimum surface finish.

The principal customers for the products of the East Greenbush facility are fine paper and tissue paper mills throughout the United States and Canada. The plant is organized around Dr. W. Edwards Deming's 14 Total Quality Management principles. The division's key objectives are customer focus, process management, and an empowered work force.

The AI Press Fabrics Division employs 230 people, 135 of whom are hourly technicians. The remainder are management, professional, sales, technical and administrative staff. The United Textile Workers Union of America, Local 1138A, represents a portion of the hourly workers at this plant. The union actively supports the quality management approaches employed at the plant.

Senior leadership establishes a clear vision and direction for the company using teams and extensive communications. Partnering is a key process, not only between management and the work force, but also with suppliers and increasingly with customers. The plant uses statistical methods to understand,

control and improve key processes. The company has reduced job classifications from 53 to four and has eliminated four levels of supervision so that the labor force is only one layer removed from the plant manager. Finally, the Al Press Fabrics Division constantly works to define the key quality requirements of its customers to continuously improve their ability to meet or exceed these needs.

Kenmore-Town of Tonawanda Union Free School District

1992 Education Sector Recipient

This combined school district is located in Kenmore and the Town of Tonawanda, suburban areas of Buffalo with a population of approximately 92,000 residents. It is a public school system that provides educational services for more than 8,000 students in grades kindergarten-12. The staff consists of 36 administrators, approximately 605 teachers and more than 600 support staff. Kenmore employees are represented by the Kenmore Administrators Association, the Kenmore Teachers Association and the Kenmore-Town of Tonawanda School Employees Association. Kenmore School District networks with school districts from Rhode Island to Colorado. In addition, Kenmore has served as a role model, having hosted educators from Canada, Germany, Yugoslavia, India, Ceylon, Japan and Thailand in order to share its educational experiences.

To support its commitment to lifelong learning, the school district has developed one of the largest continuing community education systems in New York State. In 1981, the district developed a highly successful School Improvement Program, which focuses on quality and recognizes increased school-based planning teams. The teams are fully empowered to meet the needs of different constituencies, including students, teachers, parents and the community.

The district's aggressive approach to partnerships enables it to implement successful programs to meet the diverse needs of its constituents. This approach includes a significant amount of external community involvement and strong partnerships with local businesses and industries.

Nine of the schools in the district have been recognized as New York State Schools of Excellence. In addition, two of the elementary schools were cited as National Schools of Excellence in 1990-1991.

Motorola Automotive and Industrial Electronics Group Plant

1992 Private Sector Recipient

The Motorola plant at Elma is part of the Automotive and Industrial Electronics Group (AIEG) of Motorola, Inc. It develops manufacturing processes, manufactures electronic modules and components (primarily for original equipment manufacturers (OEMs) of vehicles), vehicle subsystems and industrial products. Elma's product technologies include automotive and industrial sensors, ignitions, power modules, solid state relays and voltage regulators.

The Elma plant employs approximately 489 workers including production workers, skilled trades, manufacturing and development engineers as well as accounting personnel, materials and quality professionals. Elma serves 21 customers worldwide, with the majority of its sales going to two major OEMs. The headquarters for AEIG and the Elma plant are located in Northbrook, Illinois. Customer access is facilitated by the AIEG sales and applications engineering offices located in close proximity to its major customers in Detroit, England, France, Germany, Italy and Japan.

The entire Elma organization is customer-focused and customer-driven with a strong belief in total customer satisfaction. The plant demonstrated a well-integrated process for developing a customer-driven strategic quality plan. Heavy involvement of customers is an integral part of developing quality improvement plans. Customer satisfaction research clearly substantiates Elma's pursuit of total customer satisfaction.

All plant employees are provided with extensive job skills and quality training. Also, these employees work in an environment that encourages the use of empowered teams. Teams do work scheduling, make design and process improvement recommendations, and are empowered to shut down assembly lines if any quality problems arise.

New York State Police

1992 Public Sector Recipient

The New York State Police is a division of the Executive Department. Since its inception as a full-service police agency in 1917, it has been responsible for controlling crime and providing highway safety and related services to the citizens of New York State. This state agency also supports the State's criminal justice system and more than 500 local and county police agencies.

The New York State Police employs approximately 2,400 troopers assigned to the Uniform Force Division. The Bureau of Criminal Investigation is the detective branch and has 912 investigators and senior investigators. The remaining 677 employees are administrative and support staff. It is the largest full-service state police agency in the nation. Its work force is represented by the Police Benevolent Association of New York State Troopers, Inc., the Civil Service Employees Association and the Public Employees Federation.

Leadership at all levels is strong, top down, very visible and committed to organizational qualities that are communicated successfully to all employees. The overall pride and professionalism in all employees is exceptional. The State Police know their constituents well and continually strive to serve them. Their proficiency is founded on rigorous training programs. Troopers and support staff demonstrate an intrinsic sensitivity to constituency needs. The expected standards for constituent contact are well defined, assessed, supported and universally understood by all employees. They care about the citizens they serve.

This agency has extensive systems in place to ensure the success and quality of its programs and services, both inside and outside the agency.

Davis Vision, Inc.

1993 Private Sector Recipient

Davis Vision, Inc. is a private-sector firm which provides managed vision care services to insurance companies, managed care companies, municipalities, corporations and union trust funds. Established in 1965, Davis Vision, Inc. now covers over three million people in 44 states and the District of Columbia. It is rated as the largest managed vision care provider in the Northeast, and the second largest nationally.

The main plant is in Plainview, and the administrative office is in Schenectady. Davis Vision's services include the development and administration of programs which are sold or provided to employee groups as part of a benefit package. They consist of professional eye examinations conducted by one of a network of over 2,500 private practice optometrists or ophthalmologists; fabrication and assembly of eyewear; and administration, tracking and control functions including claim adjudication.

The main plant in Plainview, employs 100 skilled associates. Laboratory Associates are members of the United Optical Workers Union, Local 408, International Union of Electrical Workers (IUE). More than 6,000 eyeglasses are manufactured each week at the Plainview plant, with expansion capabilities of up to 20,000. The Davis Vision laboratory is recognized as the industry benchmark for its cellular fabrication processes which result in low spoilage rates. The Schenectady claim processing and administrative facility employs 30 associates.

Senior leadership establishes the vision, mission and quality values for the company using departmental and cross-functional teams and bi-directional communication. Davis Vision's quality system is focused on 10 quality values including customer satisfaction (internal and external); human resource excellence; partnering with suppliers, vendors and associates; labor-management cooperation; customer responsiveness; product performance and safety; and continuous improvement among others.

Davis Vision has achieved a track record of 100% client retention and continuous increase in market share.By focusing on the customer and its own associates, this company has achieved excellence in business results using a total quality system, and is a role model in the small business community.

Information provided by
The Governor's Excelsior Award Program.

Summary of Recommendations

Recommendation 1 Data collection efforts at the federal level, supplemented by state systems, should be enhanced so they may become the primary source of ongoing information regarding world-class work organizations.

Recommendation 2 The New York State Departments of Labor, Economic Development and Education should collaborate to assess the current status of employers that are moving toward new forms of work organization, with specific reference to education, skill levels and training activities.

Recommendation 3 The State should undertake an informational and educational effort that highlights the importance of increased skill levels for both employers and employees.

Recommendation 4 The State should create a special human resource category under the Excelsior Award program that recognizes employers that have been successful in upgrading the skills of their workforce.

Recommendation 5 State government, as a major employer, should take the lead, with its unions, in the move toward world-class work systems by upgrading the skills of the entire public sector workforce.

Recommendation 6 The State should adopt policies that encourage its suppliers and local governments that receive state funds to upgrade the skills of their workers.

Recommendation 7 New York State should initiate a broad-based marketing and awareness campaign in cooperation with industry leaders and labor so that the importance of skills upgrading would be realized in all sectors of the economy—public, private and not-for-profit.

Recommendation 8 The State should provide access to technical assistance, outreach, marketing and assessment services to organizations interested in moving toward global competitiveness through the implementation of high performance work, TQM or other strategies.

Recommendation 9 The State should also ensure the availability of technical assistance and/or marketing vehicles that will enable all employers and workers to access training or retraining services suited to their needs and objectives.

Recommendation 10 The State should provide technical assistance through a network of regional consortia—working with the Departments of Labor, Education, Economic Development and employers to ensure that customers can access information that meets their specific needs in a timely manner.

Recommendation 11 Small and medium-sized employers should be given special attention and should be assisted in the development of consortia or cooperative arrangements that allow them to better access the training system.

Recommendation 12 Economic development initiatives in New York State, including capital programs, should require an assessment of the need for training and indicate the relevance of specific training programs where appropriate.

Recommendation 13 All adult employment and training programs should be customer driven and designed to help individuals obtain world-class skill levels.

Recommendation 14. The State should ensure that the curriculum and training services offered by providers are updated according to current skill needs and are of high quality.

Summary of Recommendations

Recommendation 15 As recommended in the Career Pathways plan, the State, in conjunction with business and labor, should develop skill standards and performance-based credentials that certify levels of competence.

Recommendation 16 A special system of assessment should be developed to ensure that the skills of incumbent workers are properly certified.

Recommendation 17 Skills upgrading programs should be designed to ensure that individuals can obtain relevant certificates.

Recommendation 18 In order to remain competitive with other states in attempting to attract or retain employers, the State should have some modest additional funding available to provide direct grants and services to employers, unions, and employees in all strategic sectors of the economy.

Recommendation 19 State funding programs for skills upgrading should be based on strategic considerations that include the importance of the industry or specific skills to the overall economic development of the state or personal marketability of the individual.

Recommendation 20 Employers or employees should generally be considered for subsidies for training only when they are engaged in a broader effort to achieve world-class levels of performance and competitiveness.

Recommendation 21 Small and medium-sized firms should receive priority for funding.

Recommendation 22 Workers who are at risk of a diminished economic future as a result of the move toward a world-class workplace, should also receive priority for training funds targeted to individuals.

Recommendation 23 Total funding for direct grants should be restored to previous levels.

Recommendation 24 The State should identify a time-limited funding source to support a collaborative, statewide awareness campaign about the importance of world-class work organizations and highly skilled workforces.

Recommendation 25 Regulations that govern the State's existing loan programs, such as UDC, JDA, IDA and regional loan funds, should be expanded to encourage borrowing for skills upgrade training.

Recommendation 26 The State should develop a special loan fund through Sallie Mae lending services (or other similar devices) that would specifically target employers who wish to upgrade the skills of their workforce.

Recommendation 27 The Tuition Assistance Program (TAP) should be expanded to allow individuals to receive funding for skills upgrade training without being enrolled in a degree granting program.

Recommendation 28 Based on the magnitude of the problem, the State should pursue creative funding options and should explore the development of an unemployment insurance training fund, the creation of a special lottery game, and the creation of a special tax credit for employers who engage in modernization and skills upgrading activities.

Bibliography

Appelbaum, Eileen and Batt, Rosemary. *Economic Policy Institute,High Performance Work Systems: American Models of Workplace Transformation.* Economic Policy Institute. Washing.on; D.C.,'1993.

Batt, Rosemary and Oysterman, Paul. *A National Policy for Workplace Training: Lessons from State and Local Experiments.* Economic Policy Institute. Washington, D.C., 1993.

Carnevale, Anthony Patrick. *America and the New Economy.* American Society of Training and Development. Washington, D.C., 1991.

Employment and Training Panel, Annual Plan. California, 1992-1992.

"Forecasting the Future of the American Workplace," *American Workplace.* Volume 1, Issue 1, September 1993, p.1,4.

Joint Study of the National Commission for Employment Policy and the National Governor's Association. *Evaluating State-Financed Workplace-Based Retraining Programs: A Report on the Feasibility of a Business Screening and Performance Outcome Evaluation System.* May 1990.

Lynch, Lisa M. *Strategies for Workplace Training: Lessons from Abroad.* Economic Policy Institute. Washington, D.C., 1993.

Maryland Department of Economic and Employment Development, Division of Business Resources. *Partnership for Workforce Quality: Annual Report.* June 1992.

National Association of Manufacturers. *Workforce Readiness: How to Meet Our Greatest Competitive Challenges.* Washington, D.C., December 1992.

National Association of Manufactures and TPF&C. *Today's Dilemma:Tomorrow's Competitive Edge, Learning From the NAM/Towers Perrin Skills Gap Survey.* November 1991.

[illegible]ional Center on Educat[illegible]and the [illegible]omy, Commission of [illegible]kills of the [illegible]erican Workforce. *[illegible]erica's Choice: High Skills or Low Wage[illegible]*ochester, New York, Ju[illegible]990.

[illegible]w York Chamber of Commerce and I[illegible]ustry, Price Waterhouse [illegible]vey Research Center. *[illegible] Business Pulse: A Survey of the C[illegible] Edge Industry.* April 1993.

New York State Department of Economic Development. *Economic Development Plan: Strategies and Initiatives.* 1993-1996.

New York State Department of Economic Development and the State University of New York. *Strategic Training Partnership for Industrial Modernization: Progress Report.* Albany, New York, January 31, 1993.

New York State Department of Motor Vehicles. *Reinventing DMV: A Report to the Legislature.* October 1993.

New York State Job Training Partnership Council. *Creating A Vision: The Workforce Preparation System of the Future.* February 1990.

New York State Job Training Partnership Council. *Education That Works: Creating Career Pathways for New York State Youth.* September 1992.

Sallie Mae. *State-Funded Customized Workforce Training Programs.* Washington, D.C., August 1993.

Steve Duscha Advisories Information Services. *State Customized Training Survey Results.* California, 1993.

The Southport Institute For Policy Analysis. *Ahead of the Curve: Basic Skills Programs in Four Exceptional Firms.* Washington, D.C., Spring 1992.

Warren, Barry P. *Business Support Services Survey.* Center for Economic and Community Development, SUNY College at Oneonta. May, 1993.

Dibio

New York State
Job Training
Partnership Council

One Commerce
Albany, New Y 15
(518) 474-0